THE PARTNERSHIP THAT PAYS
TO INCREASE DIRECT CUSTOMER PROFITABILITY

- Easy to understand and administer.
- Flexible - you choose the level of participation that is best for you.
- Performance-based incentive program - you eam additional dollars based on your performance.
- Clear, concise payment structure - performance is evaluated quarterly; payments made by check or credited to your bank account via E.F.T. as soon as practicable after each three-month program period.

PROGRAM SCOPE

- To be a participant in the Winners Program, you must first satisfy six Promotion/Distribution qualifications and two Financial qualifications.
- Once the basic qualifications are satisfied, you must then meet certain performance requirements in two Categories -Promotion/Distribution and Financial - and not have any past-due invoices at the end of each payment period.
- The Winners Program is calculated on all your cigarette case purchases throughout each program period.

QUALIFICATIONS - Ship to Locations

Promotion/Distribution Category

Requirements:

- PRODUCT ASSORTMENT - Maintain warehouse inventory of all RJR cigarette brand styles representing .25 market share and above.
  Vendors - Maintain a minimum inventory of nine RJR brand styles for sale.
- INVENTORY MANAGEMENT - Establish adequate procedures to maximize inventory turns of all RJR brand styles. Upon request, allow an RJR representative to take a physical inventory or at RJR's request, provide computer reports to determine inventory of all RJR brand styles in stock.
- PRODUCT PURCHASE - Permit local RJR representatives, as required, to obtain RJR product in a timely manner anytime during account's normal business day.
- PRODUCT QUALITY - Assist in maintaining product quality by:
  - Regular stock rotation.
  - Distributing products on a first-in/first-out basis.
  - Returning damaged or out-of-date products in compliance with RJR procedure.
- PRODUCT ANNOUNCEMENTS/PROMOTIONS - Assist in communicating the availability of new products and promotions to include:
  - Updating order-entry form to include new products.
  - Distributing sales flyers as requested.
  - Placing sales materials as requested.
- RETAIL PRESENCE - Provide RJR an opportunity for increased retail presence by:
  - Directing retailers' requests for merchandising fixtures and point-of-sale advertising to your RJR sales representative. (Required of direct customers selling to independent retail stores.)

    OR

  - Providing a percentage of space on carton and package fixtures at least equal to RJR's share-of-market. (Required of direct customers who own and operate retail outlets.)

QUALIFICATIONS - Paying Office

Financial Category

Requirements:

- Make timely payment of all RJR invoices.
- Do not make unauthorized invoice deductions.

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Source: https://www.industrydocuments.ucsf.edu/docs/zsjy0000

PERFORMANCE CATEGORIES

After you have satisfied the qualification requirements for the Winners Program, you may earn dollars by meeting performance requirements in two categories:

- **Financial Performance Category** - Paying Office
  - Customers must maintain average pay days at 10 days or less, based on dollar amount of purchases for the evaluation period. (Case Payment $1.00*)

  OR

  - Participate in RJR's Electronic Funds Transfer (EFT) Program at a minimum rate of 75%, based on dollar amount of purchases for the evaluation period. (Case Payment $2.00*)
- **Promotion/Distribution Performance Category** - Ship-to location (Case Payment - $4.00)*

EVALUATION

- Your RJR representative will determine if you satisfy the qualifications and performance requirements for the Promotion/Distribution Category.
- Your RJR credit representative will determine if you satisfy the qualifications and the performance requirements for the Financial Category.
- Performance evaluations will be completed during the last month of each program period for the Promotion/Distribution category, and immediately after the close of the Program Period for the Financial category.

PAYMENT

- Payment will be based on the indicated payment rate of each performance category (Financial and Promotion/Distribution) times the total number of cases purchased during each program period.
- Payment will be made by check or credited to your bank account via E.F.T. as soon as practicable after each three month program period.

FINANCIAL SUMMARY

	MAXIMUM PER CASE PAYMENT
• Financial Performance	$2.00*
• Promotion/Distribution Performance	$4.00*
Grand Total	$6.00*

*Per 12M shipping case.
6M cases paid at 50% rate.

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PERFORMANCE REQUIREMENTS

PROMOTION/DISTRIBUTION PERFORMANCE CRITERIA

- Accept all new RJR brand style(s) during the introductory period and have warehouse inventory available for sale to retail stores/consumers for six months from original purchase date.
- Provide RJR a fair opportunity to meet competitive programs offered by other cigarette manufacturers to you and your customers including any requested Distributor Assist Programs.
- Provide RJR products an opportunity for distribution to your customers that is equivalent to the opportunity provided to competing products.
- Promote and encourage the sale and distribution of RJR products at least to the same extent you promote competing products.

AND

- Must perform **three** of the following as designated by your RJR representative:

1. Gain retail distribution of designated RJR brand (s). (New Brands - within three weeks from introduction.)

2. Pick-Up and return damaged and/or out-of-date RJR product from retail accounts you service when identified by an RJR representative.

X 3. Have procedures to deliver RJR requested pre-book orders.

4. Must participate in an RJR annual vending placement payment contract and must accept all pack promotions as requested by your RJR representative.

5. Must report quarterly vending placements via Tru-Check only.

6. Brands in vending machine must be approved by local RJR representative, and all non-paid vending point-of-sale must be RJR.

7. Accept four package promotions, per each three-month period, as designated by your RJR representative. Promotions must be placed in area where individual packages are available for retail consumer purchase.

8. Accept two carton promotions, per three-month period, as designated by your RJR representative.

9. Deliver premium items, with or without cigarette product, and/or deliver Buy Some, Get Some Free (BSGSF) or pre-assembled display sku's to retail stores in a timely manner as designated by your RJR representative.

X 10. Provide your retail customer's sales figures (RJR and competitive) on a frequency as designated by your RJR representative.

X 11. Assist RJR to solve problems (out-of-stocks, distribution, merchandising/display, etc.) with retail stores you service as designated by your RJR representative.

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WINNERS

RULES AND PROCEDURES

- All direct buying customers of R. J. Reynolds Tobacco Company may participate in the Winners - Partnership in Performance Program.
- All direct buying customers will be reviewed on a quarterly basis for compliance with the Financial and Promotion/Distribution qualifications and performance requirements by an R. J. Reynolds Tobacco Company representative. The evaluation and cigarette purchase calculation will be for each program period. Compliance will be measured and payments will be calculated by Paying Office for the Financial Performance Category, and by Ship-to Locations for the Promotion/Distribution Performance Category.
- Allowances will be paid under the Winners - Partnership in Performance Program to owners of record at the end of each program period. Payment will be made by check or credited to your bank account via E.F.T. as soon as practicable after each three month program period. In instances of ownership changes of all or part of a business, R. J. Reynolds Tobacco Company will pay monies only to the owners of record at the end of each program period.
- All allowances paid under the Winners - Partnership in Performance Program will be calculated based on your invoiced purchases of all R. J. Reynolds Tobacco Company, Forsyth Tobacco Products, and RJR Macdonald cigarettes (per thousand cigarettes payment rate). Extended dating purchases will be included in case purchase calculation, but excluded from the determination of average pay days. The gratis portion of BSGSF or 100% gratis units are excluded from the program.
- Any qualification requirements in the Promotion/Distribution Category (ship-to locations), that are not met during any program payment period, will eliminate the non-qualifying ship-to location from participation in the Teamwork - Promotion/Distribution Category for such payment period.
- The current Electronic Funds Transfer (EFT) Program will remain as a separate program with separate requirements and benefits.
- The Winners - Partnership in Performance payments, under the Promotion/Distribution Performance Category, will be in lieu of any other payment for the required carton and package promotion displays.
- At the end of each Winners - Partnership in Performance Program period, allowances will be paid to customer after a pro rata portion of bad debts, collection expenses and credit administration costs have been deducted (Financial Category only).
- The Share-of-Market data used in the program will be MSA for the applicable trading area or retail customer's actual share-of-market when determining appropriate merchandising space.
- All issues regarding qualifications, performance category selection and achievement, or any other matters related to the Winners - Partnership in Performance Program will be resolved by R. J. Reynolds Tobacco Company in its sole discretion. The decision of R. J. Reynolds Tobacco Company on such matters will be final.
- Any unauthorized deductions, or not making timely payments of all RJR invoices, will eliminate a customer's participation (paying office) in the Financial Category. No customer is permitted to deduct any part of its allowances or anticipated allowances off invoice under the Winners - Partnership in Performance Program.
- No direct buying customer is eligible to receive or earn any payment under the Winners - Partnership in Performance Program if it or an affiliated company has past-due invoices from R. J. Reynolds Tobacco Company or Forsyth Tobacco Products at the end of a program period.
- R. J. Reynolds Tobacco Company reserves the right to retain allowances due under the Winners - Partnership in Performance Program as an offset for any outstanding invoices from R. J. Reynolds Tobacco Company or Forsyth Tobacco Products. R. J. Reynolds Tobacco Company also reserves the right to alter the Winners - Partnership in Performance Program terms, conditions and allowances, and/or discontinue the program at any time.

THE PARTNERSHIP THAT PAYS

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WINNERS

EARNINGS POTENTIAL

Account Name _____

Promotion/Distribution
(Applies to Ship-to Locations)

Location	Qualifies	Performance	2nd Qtr. 1993 Cases Purchased		Payment
_____	Yes	Yes	_____	x $4.00	$_____
_____	Yes	Yes	_____	x $4.00	$_____
_____	Yes	Yes	_____	x $4.00	$_____
_____	Yes	Yes	_____	x $4.00	$_____

Potential Promotion/Distribution Earnings $

FINANCIAL
(Applies to Paying Office)

- Qualifies Yes
- Performance Yes

Payment Options:

10-day - $1.00 x _____ cases = $_____

OR

75% EFT - $2.00 x _____ cases = $_____

Potential Financial Earnings ..... $

TOTAL WINNERS EARNINGS POTENTIAL $

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